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LISTING STATEMENT No. 2013

LISTED

1,000,000 shares of 10¢ par value
Ticker abbreviation "LNO"
Dial ticker number 626
Post section 3.5
Mining and Oil Commission rates
shall apply.

TORONTO STOCK EXCHANGE

LISTING STATEMENT

MAY 28 1959

LANDA OIL COMPANY

Incorporated under the General Corporation Law of the State of Delaware, April 9, 1952

1. Address of the Company's Head Office and of any other offices:

Head Office: 5738 North Central Expressway, Dallas 6, Texas, U.S.A.
Branch Office: 308 Eighth Avenue S.W., Calgary, Alberta, Canada.

2. Officers of the Company:

OFFICE HELD	NAME	ADDRESS	OCCUPATION
President	William F. Lynch	7032 Yamini, Dallas, Texas	Petroleum Executive
Vice-President and Secretary	R. Frank Pool	1832 Standish, Irving, Texas	Petroleum Executive
Assistant Secretary	Roberta S. Cantwell	8612 Edgemere, Dallas, Texas	Accountant

3. Directors of the Company:

NAME	ADDRESS	OCCUPATION
Nathan Adams	4604 Lakeside Drive, Dallas, Texas	Banker
J. W. Bateson	10220 Waller, Dallas, Texas	General Contractor
Roy C. Coffee	6325 Preston Parkway, Dallas, Texas	Attorney
J. Macon Gardner	6107 Lupton, Dallas, Texas	Drilling Contractor
B. Felix Harris	3429 Drexel Drive, Dallas, Texas	Insurance Executive
Frank Heller	3623 Cragmont, Dallas, Texas	Manager
W. M. Luthy	1423 Colborne Crescent, Calgary, Alberta	Development Manager
Hugh L. Lynch	5920 Berkshire Lane, Dallas, Texas	Building Contractor
William F. Lynch	7032 Yamini, Dallas, Texas	Petroleum Executive
Justin McCarty	4824 Shadywood Lane, Dallas, Texas	Manufacturer
E. G. Smith	1227 Sherbrooke Street West, Montreal, Quebec	Director
Louis A. Watson	5222 Farquhar Lane, Dallas, Texas	Banker

4. Names and addresses of all transfer agents:

COMMON STOCK:—Montreal Trust Company, 15 King Street West, Toronto, Ontario, and Notre Dame at Albert Street, Winnipeg, Manitoba, Canada; and First National Bank in Dallas, Texas, U.S.A.

PREFERRED STOCK:—Head Office of the Company, 5738 North Central Expressway, Dallas, Texas, U.S.A.

5. Particulars of any fee charged upon transfer other than customary government taxes:
50¢ per certificate.

6. Names and addresses of all registrars:

COMMON STOCK:—Montreal Trust Company, 15 King Street West, Toronto, Ontario, Canada and Notre Dame at Albert Street, Winnipeg, Manitoba, Canada; and First National Bank in Dallas, Texas, U.S.A.

PREFERRED STOCK:—Head Office of the Company, 5738 North Central Expressway, Dallas, Texas, U.S.A.

7. Amount of authorized capital: { \$1,700,000 divided into 100,000 shares of 5% non-cumulative preferred stock of the par value of \$10.00 per share, 60,000 shares of 5% convertible and non-cumulative preferred stock of the par value of \$10.00 per share and 1,000,000 shares of common stock of the par value of \$0.10 per share.
8. Number of shares and par value: {

9. Full details of all shares issued in payment for properties or for any other assets other than cash:

Date	Number of Shares	Description
February 1, 1955	5,538 (common)	The Company purchased a controlling interest in Imperial Crown Royalty Corporation consisting of 22,152 shares of its common stock and 689 shares of its preferred stock out of 27,051 common shares and 5,116 preferred shares outstanding. The price paid by the Company for these shares was as follows: \$10,000.00 cash; \$30,000.00 of 4% 5-year Notes; \$120,000.00 of 5% 15-year Notes; and the said 5,538 common shares of the Company.
March 4, 1955	250 (common) 1,648 (preferred)	A merger between the Company and Imperial Crown Royalty Corporation was completed. Common stockholders of Imperial Crown other than the Company were given one common share of the Company having a market value of \$4.00 for each 4 common shares of Imperial Crown. Cash was paid instead of issuing fractional common shares of the Company. Preferred stock of Imperial Crown other than that held by the Company was exchanged for an equal number of the Company's 5% Non-Cumulative Preferred Stock with a par value of \$10.00 per share. On this basis, 250 common shares of the Company were issued to Imperial Crown common stockholders and 1,648 5% Non-Cumulative Preferred stock of the Company were issued to Imperial Crown preferred stockholders. The holders of 3,459 shares of Imperial Crown common stock and of 2,780 shares of such preferred stock had not converted their shares as of June 30, 1955. By virtue of the 3-for-1 stock split of the Company's common shares as of June 30, 1955, the holders of unconverted Imperial Crown common stock became entitled as of that date to receive 2,592 shares of the common stock of the Company. As at November 30, 1958, the holders of unconverted Imperial Crown common stock were entitled after giving effect to the 2-for-1 common stock dividend as of June 30, 1955, and the 10% stock dividend in November, 1956, to receive 2,806 common shares of the Company and 2,552 preferred shares.
March 31, 1955	54	Issued in exchange for 216 common shares of Imperial Crown Royalty Corporation.
June 30, 1955	35	Issued in exchange for 140 common shares of Imperial Crown Royalty Corporation.
November 30, 1955	5	Issued in exchange for 20 common shares of Imperial Crown Royalty Corporation.
1956	6	Issued in exchange for common shares of Imperial Crown Royalty Corporation.
1956	3,781	Issued for interests in oil properties having an assigned value of \$13,010.00.
1956	976	Interest in equipment having an assigned value of \$3,384.00.
1956	2,100	Partial consideration for the purchase of the Carthage Gas Unit.
1956	435	Partial consideration for purchase of interest in three leases—assigned value of the shares issued, \$1,196.25.
1958	161,518	Under an Arrangement between Souris Valley Oil Co. Ltd. (No Personal Liability) (hereinafter called "Souris"), and its shareholders providing for the approval of an Amalgamation Agreement dated as of the 30th day of November, 1958 between the said Souris and the Company, 161,518 common shares in the capital of the Company have been allotted and issued in the name of Souris in consideration of the transfer of the assets and undertaking of the said Souris to the Company subject to the terms of the said Amalgamation Agreement including the assumption by the Company of the liabilities of the said Souris and the certificates for the said common shares have been deposited with the Montreal Trust Company, Notre Dame at Albert Street, Winnipeg, Manitoba, in escrow pending sanction by the Court of Queen's Bench for Manitoba of the Arrangement and confirmation by Supplementary Letters Patent in accordance with the provisions of the Companies Act of Manitoba in that behalf.
Total.....		174,698 common
In addition to the above, common shares were issued as a stock dividend as follows:		
1954	881	representing a 5% stock dividend.
1955	117,278	representing the issue of two additional shares for each share outstanding.
1956	26,456	representing a 10% stock dividend.
Grand total.....		319,313 common and 1,648 preferred.

10. Full details of all shares sold for cash.	Date	Number of Shares	Price per Share	Amount realized by Company
	1952.....	10,000 (common)	\$0.10	\$ 1,000.00
	To November 30, 1953.....	7,650 "	2.78 average price	21,229.50
	Year ended November 30, 1954	4,326 "	3.68 "	15,913.70
	1955.....	22,875 "	3.77 "	86,089.00
	1955.....	4,400 "	5.00 "	22,000.00
	Other shares issued during the year ended November 30, 1955.....	52,630 "	3.49 "	183,751.83
	1956.....	4,000 "	5.00 "	20,000.00
	Other shares issued during the year ended November 30, 1956.....	31,400 "	2.83 "	88,899.75
	Total.....	137,281 (common)		\$438,883.78
11. Total number of shares issued.	456,594 (common). (This figure includes the 161,518 shares to be issued to Souris Valley Oil Co. Ltd. (No Personal Liability)).			
12. Number of shares now in treasury or otherwise unissued.	COMMON:—Reacquired and in treasury, 770 shares; Unissued, 704,924 shares. PREFERRED:—5% non-cumulative—Unissued, 98,138 shares. 5% convertible—Unissued, 60,000 shares.			

13. Particulars of any issued shares held in trust for the Company or donated for treasury purposes.	None.
14. Date of last annual meeting.	February 3, 1959.
15. Date of last report to shareholders.	November 30, 1958 (Annual Report).
16. Details of any treasury shares (or shares issued subject to payment or shares held for the benefit of the treasury) now under option or the subject of any underwriting or sales agreement. If none, this to be stated.	None.
17. Details of any shares pooled, deposited in escrow, non-transferable or held under any syndicate agreement or control.	Under an Arrangement between Souris Valley Oil Co. Ltd. (No Personal Liability) (hereinafter called "Souris"), and its shareholders, providing for the approval of an Amalgamation Agreement dated as of the 30th day of November, 1958 between the said Souris and the Company, 161,518 common shares in the capital of the Company have been allotted and issued in the name of Souris in consideration of the transfer of the assets and undertaking of the said Souris to the Company subject to the terms of the said Amalgamation Agreement including the assumption by the Company of the liabilities of the said Souris and the certificates for the said common shares have been deposited with the Montreal Trust Company, Notre Dame at Albert Street, Winnipeg, Manitoba, in escrow pending sanction by the Court of Queen's Bench for Manitoba of the Arrangement and confirmation by Supplementary Letters Patent in accordance with the provisions of the Companies Act of Manitoba in that behalf.
18. Details of any registration with or approval or authority for sale granted by or any filing with a Securities Commission or corresponding Government body.	None.
19. Has any application for registration with, or approval or authority for sale by or any filing with a Securities Commission or corresponding Government body ever been refused, cancelled or revoked? If so, give particulars.	None.
20. Particulars of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	(1) \$ 65,700.00 6% Sinking Fund Debentures due 1964. (2) \$175,500.00 6% note payable to the Texas Bank & Trust Company and the Small Business Administration. Minimum monthly instalments shall not aggregate less than \$53,500.00, \$47,500.00, \$41,500.00, and \$33,000.00 during the years ended November 30, 1959, 1960 and 1961, and 1962 respectively. (3) \$142,105.69 6% note payable to Texas Bank & Trust Company. Minimum monthly instalments of \$4,253.50 each. (4) \$ 13,180.00 5% note payable to the Hillcrest State Bank due October 10, 1959. (5) \$ 5,100.01 5½% note payable to the First National Bank due December 18, 1958. (6) \$ 50,500.00 5¼% note payable to the Wynnewood State Bank maturing in monthly instalments of \$1,000.00. The capital stock of L & G Oil and Royalty Company (a wholly owned subsidiary) is pledged as collateral to this note. (7) \$ 23,000.00 5¼% note payable to the Wynnewood State Bank in instalments of \$1,000.00 per month. (8) \$ 30,535.65 5½% demand note payable to the Royal Bank of Canada. (9) \$ 30,706.82 5½% note payable to the Mercantile National Bank due in minimum instalments of \$1,000.00 per month. (10) \$ 3,288.62 Insurance note due in 1961 and 1962. (11) \$ 12,500.00 5% secondary lien notes due in 1962. (12) \$ 78,856.34 5% unsecured notes payable to an officer, directors, and stockholders maturing in equal annual instalments on February 1 of each year through 1970. (13) \$ 4,000.00 Non-interest bearing purchase money obligations due an officer, directors, and stockholders in 1959 and 1960. Notes described under (2), (3), (4), (5), (7), (8) and (9) are payable out of a portion of production from specified properties with minimum payments as set forth above. A substantial portion of the oil and gas properties and the production therefrom is either mortgaged or pledged as collateral to such notes.

21. Enumerate fully, giving claim or property numbers, approximate acreage, townships and mining camp or oil field: (a) Properties owned where titles vested in Company. (b) Properties leased. (c) Properties otherwise held.	See Schedule "A" on pages 6, 7 and 8.																		
22. Full particulars of any royalties or other charges payable upon production from each individual property.	None.																		
23. Are any lawsuits pending against the Company or any of its properties, or are there any other circumstances which might affect the Company's position or title adversely? If so, explain fully.	There are no lawsuits pending against any of the Company's properties. There is a lawsuit against the Company in which the amount of \$5,000 is claimed in respect of a sales commission. The Company is defending the action.																		
24. Describe plant and equipment on property.	The Company owns only such equipment as is necessary to adequately produce and sell its oil and gas. These items of equipment consist of tankage, flow lines, tubing and casing, oil well pumps, oil well treaters and gas separators which, in the aggregate, have a present value of approximately \$759,934.69.																		
25. Describe development accomplished and planned.	The Company has participated in the drilling of 93 oil and gas wells. At the present time it operates in Louisiana, Texas, New Mexico, Ohio and Saskatchewan, participating in the production from 120 oil and gas wells. The Company intends to continue its policy of participation in oil and gas wells with a participation in 20 wells planned for the year 1959.																		
26. Date and author of mining or petroleum engineer's or geologist's report filed with this application and available for inspection on request.	Meyer and Achtschin Engineering Report dated 11-1-56. Meyer and Achtschin Engineering Report dated 11-1-56. Meyer and Achtschin Engineering Report dated 4-1-57. Empire Resources Management, Inc., Report dated 6-20-57. McDaniel Consultants Ltd. Report dated 12-8-58. R. Frank Pool Engineering Report dated 3-7-59.																		
27. Full particulars of production to date.	<table><tr><td>1953</td><td>\$ 21,840.81</td><td>— Oil and Gas Sales (gross).</td></tr><tr><td>1954</td><td>34,983.70</td><td></td></tr><tr><td>1955</td><td>136,517.22</td><td></td></tr><tr><td>1956</td><td>194,251.52</td><td></td></tr><tr><td>1957</td><td>269,581.51</td><td></td></tr><tr><td>1958</td><td>308,321.89</td><td></td></tr></table> This does not take into account any production by Souris Valley Oil Co. Ltd.	1953	\$ 21,840.81	— Oil and Gas Sales (gross).	1954	34,983.70		1955	136,517.22		1956	194,251.52		1957	269,581.51		1958	308,321.89	
1953	\$ 21,840.81	— Oil and Gas Sales (gross).																	
1954	34,983.70																		
1955	136,517.22																		
1956	194,251.52																		
1957	269,581.51																		
1958	308,321.89																		
28. Have any dividends been paid? If so, give date, per share rate, and amount paid in dollars on each distribution.	Preferred (at the rate of 50¢ per share per annum)—1955, \$410.00; 1956, \$893.75; 1957, \$913.00; 1958, \$922.00. Common—1957 (2½¢ per share), \$7,358.40. See Item 9 on page 2 for stock dividends.																		
29. Name and address of the solicitor or attorney whose certificate that the applicant is a valid and subsisting company and that the shares which have been allotted and issued were legally created and are fully paid and non-assessable has been filed with the Exchange.	Ritchie, Ritchie & Crosland, Republic National Bank Building, Dallas, Texas, U.S.A.																		
30. (a) Have any shares of the Company ever been listed on any other stock exchange? If so, give particulars. (b) Is any application for listing the shares of the Company on any other stock exchange now pending or contemplated? If so, give particulars. (c) Has the listing of any shares of the Company ever been refused or deferred on any stock exchange? If so, give particulars.	Listed and posted for trading on the Calgary Stock Exchange on April 9th, 1959. No. No.																		

31. Particulars of the principal business in which each director has been engaged during the past five years, giving the length of time, position held and name of employing company or firm.	Nathan Adams	Honourary Chairman of the Board, First National Bank, Dallas, Texas, engaged as an officer of the said bank for more than five years.
	J. W. Bateson	President, J. W. Bateson Co., engaged as an officer of the said general contracting company for more than five years.
	Roy C. Coffee	Attorney, practising for more than five years.
	J. Macon Gardner	Vice-President, Gardner Brothers Drilling Company, engaged by the contract drilling company for more than five years.
	B. Felix Harris	President, Felix Harris & Co., engaged by the said insurance agency for more than five years.
	Frank Heller	Division Manager, Sperry-Rand Corporation, engaged by the said company for more than five years.
	W. M. Luthy	Development Manager, Canadian Oil Companies Ltd., engaged by the said company for more than five years.
	Hugh L. Lynch	Building Contractor, engaged in such business for more than five years.
	William F. Lynch	President of the Company, engaged as an officer of the company for more than five years.
	Justin McCarty	President, Justin McCarty Company, engaged by the said clothing manufacturing company for more than five years.
	E. G. Smith	Vice-President and a director of Nesbitt Thomson & Co., Ltd., engaged as an officer of the company for more than five years.
	Louis A. Watson	Chairman of the Board, Wynnewood State Bank, engaged as an officer of the said bank for more than 1½ years. Prior to that time Mr. Watson was Vice-President of Landa Oil Company.

Dated at Dallas, Texas, U.S.A., the 15th day of April, 1959.



LANDA OIL COMPANY
"WILLIAM F. LYNCH", President.
"R. FRANK POOL", Secretary.

STATEMENT SHOWING NUMBER OF SHAREHOLDERS
AS OF JANUARY 15, 1959

Number	Shares
229 Holders of 1 – 100 shares.....	11,516
248 " " 101 – 1000 "	75,025
15 " " 1001 – 2000 "	21,144
8 " " 2001 – 3000 "	16,492
7 " " 3001 – 4000 "	23,599
1 " " 4001 – 5000 "	4,912
10 " " 5001 – up "	142,388
518 Stockholders	Total Shares.....
*1,264	295,076
	161,518
*1,782	456,594

*Giving effect to the amalgamation of Souris Valley Oil Co., Ltd., with Landa Oil Company.

SCHEDULE "A" REFERRED TO IN ITEM 21 ON PAGE 4
PROPERTIES OF LANDA OIL COMPANY

Producing Working Interests							
Name of Lease	No. of Gross Acres	Net Int. to Landa Oil Co.	No. of Producing Wells	Average Bbls. Per Mo. Production to Landa	Operator of Lease	State	County
Hickman.....	160	.102672	4	483 MCF*	Landa Oil Company	Texas	Coleman
D. C. Reed.....	160	.309329	5	208	Landa Oil Company	Texas	Pecos
J. N. Magness.....	160	.199508	2	358	Landa Oil Company	Texas	Nolan
Gillean.....	80	.203124	4	167	Landa Oil Company	Texas	Glasscock
Jefferies.....	40	.474247	4	69	Tekoil Corporation	Texas	Pecos
Sacroc.....	48,000	.000038	1,200	150	Sacroc Unit	Texas	Scurry
Dial "A".....	40	.270513	4	267	Landa Oil Company	Texas	Hutchinson
Whittenburg.....	100	.270513	6	502	Landa Oil Company	Texas	Hutchinson
Connell "A".....	160	.056250	4	192	Landa Oil Company	Texas	Crane
Connell "B".....	80	.075000	2	80	Landa Oil Company	Texas	Crane
Connell "C".....	120	.072656	3	175	Landa Oil Company	Texas	Crane
Maxwell.....	20	.032471	1	31	Landa Oil Company	Texas	Crane
Anderson.....	120	.120407	1	40	Landa Oil Company	Texas	Navarro
Jones.....	100	.471207	1	75	Landa Oil Company	Texas	Andrews
Carthage Gas Unit.....	640	.044709	2	3,705 MCF*	Humble Oil Company	Texas	Panola
Connell Estate.....	160	.101246	4	118	Smith & Breyer	Texas	Garza
Lunsford.....	40	.132230	1	57	D. G. Gordon	Texas	Throckmorton
Jackson.....	50	.101562	1	12	Dillion Oil Company	Texas	Wood
Sumerlin.....	160	.145603	1	75	Landa Oil Company	Texas	Andrews
Flanagan.....	80	.080077	2	86	Joseph I. O'Neill	Texas	Gaines
Nutt-State.....	40	.173513	1	147	Landa Oil Company	Texas	Irion
Smith.....	160	.602417	7	1,041	Landa Oil Company	Texas	Hutchinson
Terry.....	174	.594727	3	258	Landa Oil Company	Texas	Hutchinson
Sanford.....	100	.208495	4	2,575 MCF*	Landa Oil Company	Texas	Hutchinson
Kilgore "A".....	40	.023437	1	5	United Development	Texas	Brown
Frazier.....	40	.461018	1	58	Landa Oil Company	Texas	Howard
Gerhart.....	40	.101757	1	64	Landa Oil Company	Texas	Runnels
Mc Williams.....	80	.101760	2	365	Landa Oil Company	Texas	Runnels
Watt.....	80	.226321	2	325	Landa Oil Company	Texas	Ward
Tannehill.....	240	.281564	2	94	Landa Oil Company	Texas	Yoakum
Link.....	80	.097332	1	71	Joseph I. O'Neill	Texas	Gaines
Echols.....	160	.203429	2	233	Landa Oil Company	Texas	Ward
Melissa.....	320	.088328	2	64	Hissom Drilling Co.	Texas	Ward
Williamson.....	320	.259375	2	108	Landa Oil Company	Texas	Scurry
Alex Keller.....	40	.049479	1	24	Landa Oil Company	Texas	Harris
Barber.....	40	.160417	1	44	Landa Oil Company	Texas	Chambers
Park.....	80	.259248	2	55	Landa Oil Company	Texas	Andrews
Mittie Teas.....	63	.628906	2	61	Landa Oil Company	Texas	Caldwell
Dunaway.....	160	.358119	2	132	Landa Oil Company	Texas	Hutchinson
Farmer.....	1	.093751	1	104	Landa Oil Company	Texas	Wharton
Tullos.....	140	.177734	5	105	Landa Oil Company	Louisiana	La Salle
State 1-14.....	40	.177819	1	94	Great Western	New Mexico	Chaves
State 1-22.....	40	.114945	1	34	Drilling Company	New Mexico	Chaves
Midale 3-28.....	160	.215181	1	335	Landa Oil Company	Saskatchewan	Province, Canada
Midale 5-32 and 13-32.....	640	.132000	3	215	Stekoll Petroleum	Saskatchewan	Province, Canada
Halbrite 9-12 and 1-12.....	160	.173072	2	205	Stekoll Petroleum	Saskatchewan	Province, Canada
Wyoming-State.....	120	.097813	2	79	Landa Oil Company	Wyoming	Converse
Lehmann.....	80	.082031	2	249	Landa Oil Company	Mississippi	Franklin
Carrie Craig.....	332	.047852	5	667	Landa Oil Company	Mississippi	Adams
Edwin B. Ogden.....	40	.130208	1	41	Landa Oil Company	Mississippi	Adams
William Sweeney.....	640	.346193	1	213	Landa Oil Company	Ohio	Perry

*Gas Produced in thousand's cubic feet.

Producing Royalties

Property	No. of Gross Acres	Size of Company Interest	Purchaser of Oil	State	County	Average Income Per Month
Dunaway.....	80	.059816	Shell Oil Company	Mississippi	Pike	\$1,000.00

PRODUCING ROYALTIES

Property	No of Gross Acres	Size of Company Interest	Purchaser of Oil	State	County	Average Income Per Month Past 7 Months
Settles Ranch }	6,906	1/64	Cosden Petroleum Co.	Texas	Howard & Glasscock }	\$2,480.00
Settles Ranch }		1/64	Shell Oil Co.	Texas	Howard & Glasscock }	
Shaw }		10 acres	Texas Co.	Texas	Gray }	
Shaw }	160	14/80	Magnolia Petroleum Co.	Texas	Gray }	204.93
J. M. Patton	155	1/24	Phillips Petroleum Co.	Texas	Gray	3.64
J. S. Morse	100	1/4	The Texas Co.	Texas	Gray	
McLaughlin	320	1/16	Southern Production Co.	Texas	Gray	70.87
Powell	160	1/32	Humble Oil & Refining Co.	Texas	Gray	67.60
Hendricks	1,240	1/1024	Magnolia Petroleum Co.	Texas	Gray	176.94
Hendricks	640	.0009766	Phillips Petroleum Co.	Texas		
Clara Fowler }	640	1/64	Shell Oil Co.	Texas	Winkler }	22.32
Clara Fowler }		.0009766	Atlantic Refining Co.	Texas	Winkler }	
Cora Baker		1/2 of 1/16 of 7/6 O.R.R.	Stanolind Oil Co.	New Mexico	Lea	5.00
John Steichen	151.61	.0046174	Cities Service Oil Co.	New Mexico	Lea	22.88
Findley Gas Unit B	692	7 acres	Stanolind Oil & Gas Co.	Kansas	Pawnee	4.26
Hollingsworth Unit	640	5 acres	Continental Oil Co.	Oklahoma	Noble	116.46
Griffiths Gas Unit	704	5 acres	Stanolind Oil & Gas Co.	Texas	Harrison	6.92
Johnson & Philips	1,280	8 royalty acres	Stanolind Oil & Gas Co.	Texas	Harrison	5.21
Urban Field	240	15 royalty acres	Stanolind Oil & Gas Co.	Texas	Harrison	6.70
E. L. Davenport	20	1/16 of 8/8 O.R.R.	Stanolind Oil & Gas Co.	Texas	Harrison	7.50
Boyd Lease	80	1/64 R.I.	Pan-Am Southern Co.	Arkansas	Union	15.00
University Lands	1,440	Oil payment 1% gross Runs until \$80,000 pd.	Premier Oil Co.	Texas	Rusk	167.86
Walter Duncan	1,600	Oil payment 1/16 of 1/8 until \$14,650 pd.	Magnolia Petroleum Co.	Texas	Montague	8.37
Trans-Tex Drilling Co.	160	1/16 of 1/8	Continental Oil Co.	Texas	Andrews	250.25
Kingfisher	80	.00812	Cities Service Oil Co.	Texas	Runnels	8.00
Kingfisher	80	.00812	Shell Oil Co.	Texas	Fisher	53.08
Kingfisher	80	.00812	Champlin Oil Co.	Oklahoma	Kingfisher	75.00

GAS ROYALTIES

Property	No. of Gross Acres	Size of Company Interest	Purchaser of Gas	Average Monthly Income
Frank Davis Estate.....	704	5	Sohio Petroleum Co.	\$ 9.86
Bishop Unit.....	640	5	Hollandsworth Oil Co.	2.95
Panhandle Gas.....	640	1	Phillips Petroleum Co.	20.70

NON-PRODUCING ROYALTIES

Landa Oil Company has over 2,500 non-producing royalty acres located in Gray, Gregg, Fisher, Howard, Smith Counties, Texas, and Bottineau County, North Dakota. This represents a spread of royalty that might some time in the future prove valuable to the Company.

PROPERTIES OF L & G OIL & ROYALTY COMPANY

L & G Oil & Royalty Company is a wholly owned subsidiary of Landa Oil Company. L & G Oil & Royalty Company has an interest in several producing leases located in Stephens, Shackelford, and Kent Counties, Texas. There are 25 producing wells on the leases in Stephens and Shackelford Counties and 1 producing well on the Kent County lease. In addition to the producing leases, L & G Oil & Royalty Company owns over 210 producing royalty acres which are located under approximately 12,000 acres of land which gives this royalty a good spread. These royalties are located under the Cowden Ranch in Crane County, Texas; the Atkins Ranch in Kent County, Texas, and the Logan tract in Jefferson County, Mississippi. L & G Oil & Royalty Company also owns a producing overriding royalty interest of 18% in a well in Ventura County, California. Listed below is a resume of the producing properties.

PRODUCING LEASES

	County	Gross Acres	Lease Interest	No. of Net Wells	Average Monthly Income
TEXAS					
DOUBLE "D"					
Davis.....	Stephens and Shackelford	573.33	1/9 of 7/8	2/9	\$102.23
Brazell.....	Stephens	688.84	1/9 of 7/8	8/9	318.74
DeLafosse.....	Stephens and Shackelford	180.	1/9 of 7/8	1-4/9	490.60
Davis "C".....	Shackelford	40.	1/9 of 7/8	1/9	40.00
Davis "D".....	Stephens	20.	1/9 of 7/8	1/9	31.80
KENT COUNTY AREA					
Atkins Unit.....	Kent	40.	1/16 of 7/8	1/16	107.00

PRODUCING ROYALTIES OCTOBER 30, 1954

	County	Royalty Interest	Royalty Acres	Gross Acres	Average Monthly Income
TEXAS					
COWDEN RANCH AREA					
Cowden.....	Crane	1.583333/100	167.199996	10,560	\$ 2.00
KENT COUNTY AREA					
Atkins Ranch					
Heyser Unit, Sec. 115.....	Kent	531.46/10,941.8	5.828583	120	\$ 70.00
Heyser Unit, Sec. 115.....	Kent	1/8 less 1/11 of 3/4	13.977272ORRA	120	
Humble Unit, Sec. 115.....	Kent	531.46/10,941.8	1.942861	40	
Woolley, Sec. 115.....	Kent	531.46/10,941.8	1.942861	40	
Humble, Sec. 114.....	Kent	531.46/10,941.8	3.885722	80	
Tide Water-Atkins Ranch Unit, Sec. 114.....	Kent	531.46/10,941.8	1.942861	40	
JOHN DALE PROPERTIES					
MISSISSIPPI					
Logan.....	Jefferson	16.666/1255	16.66666	1,255	\$ 3.00

PRODUCING OVERRIDING ROYALTY

CALIFORNIA					
VENTURA AVENUE					
Barnes-Sparks Lease.....	Ventura	18%		10	\$1,000.00

L & G Oil & Royalty Company owns, in addition to the producing properties, over 4,285 non-producing royalty acres located in Arkansas, Louisiana, Mississippi, Oklahoma, Texas, Utah, Colorado, and an overriding royalty interest in some 31,664 acres located in Mississippi in which Southern Production Company has the lease. The non-producing royalty acres in Texas are located in Andrews, Cochran, Crane, Crockett, Denton, DeWitt, Gaines, Grayson, Grimes, Harrison, Henderson, Hopkins, Kent, King, Lubbock, Leon, Navarro, Winkler, and Ector Counties. These non-producing royalty acres are located under some 120,000 acres of land and while this is a fractional interest, it gives L & G a very good spread of royalty on which it can expect a reasonable amount of development in the future. L & G has had completed producing wells drilled on land in which it owns a royalty interest in Navarro and Crockett Counties. At this time, over three wells are being drilled on land in which it owns a royalty interest in Crane County, Texas.

FINANCIAL

LANDA OIL COMPANY AND SUBSIDIARY

ASSETS

CURRENT ASSETS:

Cash.....	\$	56,744.37	
Accounts receivable:			
Oil and gas sales (Note 1).....	\$40,226.72		
Joint owners, etc.....	84,917.94	125,144.66	
Materials and supplies—at cost or condition value.....		10,666.41	
Prepayments, etc.....		1,802.50	
Total current assets.....			\$ 194,357.94

INVESTMENTS:

Landa Building—A partnership—at cost plus undistributed earnings.....	\$	3,399.65	
Other.....		400.00	
Total investments.....			3,799.65

PROPERTY (Note 1):

Producing leaseholds.....	\$	732,935.37	
Lease and well equipment.....		503,524.56	
Producing royalties and oil payments		154,020.14	
Office and automotive equipment.....		15,794.76	
Undeveloped leases and royalties.....		88,601.37	
Total.....	\$1,494,876.20		
Less reserves for depletion and depreciation.....		348,729.33	
Property—net.....			1,146,146.87

DEFERRED DEBIT ITEMS:

Deposits, etc.....	\$	6,030.34	
Unamortized bond discount.....		2,620.00	
Organization expenses.....		3,535.45	
Total deferred debit items.....			12,185.79

CONTRA ACCOUNT—Cash in special bank account available for joint owners' portion of exploratory drilling costs.....			21,106.93
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TOTAL.....			<u>\$1,377,597.18</u>
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The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENTS

CONSOLIDATED BALANCE SHEET, NOVEMBER 30, 1958

LIABILITIES

CURRENT LIABILITIES:

6% sinking fund debentures.....	\$ 65,700.00	
Notes payable—Current maturities (Note 1):		
Texas Bank & Trust Company and the Small Business Administration—		
Mortgage note.....	53,500.00	
Banks.....	135,857.66	
Officer, directors, and stockholders.....	6,571.83	
Other.....	1,667.91	
Purchase money obligations due an officer, directors, and stockholders—		
Current maturities (non-interest-bearing).....	2,000.00	
Amounts payable out of production—Estimated current portion.....	10,000.00	
Accounts payable.....	160,886.72	
Accrued interest, taxes, etc.....	6,787.02	
Total current liabilities.....		\$ 442,971.14

LONG-TERM DEBT—Less current maturities (Note 1):

Texas Bank & Trust Company and the Small Business Administration—		
Mortgage note.....	\$ 122,000.00	
Notes payable to banks.....	159,270.51	
Notes payable to an officer, directors, and stockholders.....	72,284.51	
Purchase money obligations due an officer, directors, and stockholders—		
Non-interest-bearing.....	2,000.00	
Other.....	14,120.71	
Total long-term debt—less current maturities.....		369,675.73

OTHER LIABILITIES:

Amounts payable out of production—Less estimated current portion.....	\$ 16,500.46	
Estimated liability for unconverted capital stock of a company acquired by		
merger (Note 2).....	3,868.90	
Total other liabilities.....		20,369.36

CAPITAL STOCK AND SURPLUS:

Capital stock (Notes 2 and 3):		
Preferred—5% non-cumulative; authorized, 100,000 shares of \$10.00 par		
value; issued and outstanding, 1,862 shares.....	\$ 18,620.00	
Common—Authorized, 1,000,000 shares of \$.10 par value; issued,		
295,076 shares.....	29,507.60	
Surplus (Note 1):		
Capital (principally paid-in—no change during year).....	464,207.03	
Earned.....	13,939.39	
Total.....	\$ 526,274.02	
Less 770 shares of common stock held in treasury—at cost.....	2,800.00	

Capital stock and surplus—net.....	523,474.02
CONTRA ACCOUNT—Advances from joint owners.....	21,106.93

Total.....	<u>\$1,377,597.18</u>
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ACCOUNTANTS' OPINION

LANDA OIL COMPANY:

We have examined the consolidated balance sheet of Landa Oil Company and Subsidiary as of November 30, 1958 and the related statement of consolidated income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statement of consolidated income and earned surplus present fairly the financial position of the companies at November 30, 1958 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

January 6, 1959.
1435 Republic National Bank Building,
Dallas 1.

"HASKINS & SELLS"
Certified Public Accountants

LANDA OIL COMPANY AND SUBSIDIARY
STATEMENT OF CONSOLIDATED INCOME AND EARNED SURPLUS
FOR THE YEAR ENDED NOVEMBER 30, 1958

GROSS OPERATING INCOME:

Oil and gas sales.....	\$308,321.89	
Lease bonuses, delay rentals, etc.....	7,008.06	
Total.....		\$315,329.95

DEDUCTIONS FROM GROSS OPERATING INCOME
EXCLUSIVE OF DEPLETION AND DEPRECIATION:

Production expenses, taxes, etc.....		\$101,077.73
General and administrative expenses.....	\$75,671.69	
Less general and administrative expenses charged to others.....	53,668.15	22,003.54
Dry hole costs, etc.....		21,754.36
Total.....		144,835.63

OPERATING INCOME BEFORE PROVISION FOR DEPLETION AND DEPRECIATION..... \$170,494.32

PROVISION FOR DEPLETION AND DEPRECIATION:

Depletion.....	\$ 62,363.11	
Depreciation.....	39,872.78	
Total.....		102,235.89

OPERATING INCOME..... \$ 68,258.43
OTHER INCOME—Gain on sales of property, etc.—net..... 4,199.78

Total..... \$ 72,458.21
INCOME CHARGE—Interest and amortization of bond discount..... 33,068.82

NET INCOME..... \$ 39,389.39
EARNED SURPLUS (DEFICIT), DECEMBER 1, 1957..... (24,528.00)

Total..... \$ 14,861.39
DEDUCT CASH DIVIDENDS PAID ON PREFERRED STOCK—\$.50 per share..... 922.00

EARNED SURPLUS, NOVEMBER 30, 1958 (Note 1)..... \$ 13,939.39

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

1. The note payable to Texas Bank & Trust Company and the Small Business Administration dated October 1, 1957 bears interest at the rate of 6% per annum. Monthly payments of principal and interest are required in amounts equal to 80% of the Company's interest in oil and gas sales from the mortgaged properties with further provision that monthly payments on principal shall not aggregate less than \$53,500.00, \$47,500.00, the \$41,500.00, and \$33,000.00 during the years ended November 30, 1959, 1960, 1961, and 1962, respectively. The related loan agreement provides that the Company will not, without the written consent of the lenders, pay any dividends or make any other distributions on its capital stock.

Notes payable to banks consist of seven notes bearing interest at rates of 5% to 6% per annum. One note with an unpaid principal balance of \$50,500.00 at November 30, 1958 matures in monthly instalments of \$1,000.00 plus accrued interest. The remaining notes payable to banks provide for monthly payments of principal and interest out of a portion of production from specified properties; one note is payable on demand and the others provide for minimum principal payments. The portion of the aggregate amount of notes payable to banks (including the note payable on demand) shown as a current liability in the accompanying consolidated balance sheet is based on specified minimum principal payments.

Notes payable to an officer, directors, and stockholders are unsecured 5% notes and the unpaid principal amount at November 30, 1958 matures in equal annual instalments on February 1 of each year through 1970

A substantial portion of the oil and gas properties, production therefrom, and the capital stock of the wholly-owned subsidiary company is either mortgaged or pledged as collateral to the notes payable to various banks, the Small Business Administration, and others.

2. Stockholders of a company acquired by merger in 1955 are entitled to receive 2,806 shares of common and 2,552 shares of preferred stock of the Company in exchange for their shares of the acquired company not converted at November 30, 1958. The management is of the opinion that the amount of \$3,868.90 included in other liabilities in the accompanying consolidated balance sheet is adequate to provide for such shares as may be presented for exchange.

3. Under the terms of its charter, as amended, the Company is authorized to issue, in addition to the shares authorized as shown in the accompanying consolidated balance sheet, 60,000 shares of 5% Convertible, Non-Cumulative Preferred Stock of \$10.00 par value.

The Company is negotiating for the acquisition of certain properties in consideration for the issuance of 161,518 shares of its common capital stock. Consummation of the transaction is contingent on the approval by the stockholders of the company owning the properties to be acquired and other factors.

LANDA OIL COMPANY AND SUBSIDIARY
PRO FORMA CONSOLIDATED BALANCE SHEET—November 30, 1958

(Not audited—Note 1)

ASSETS

CURRENT ASSETS:

Cash and certificates of deposit.....	\$ 181,853.80
Accounts receivable (Note 2).....	152,721.08
Materials and supplies.....	28,193.46
Prepayments, etc.....	3,084.16
Accrued interest.....	603.95
Total current assets.....	\$ 366,456.45

INVESTMENTS:

Landa Building—A partnership—at cost plus undistributed earnings.....	3,399.65
Other.....	400.00
Total investments.....	3,799.65

PROPERTY (Note 2):

Producing leaseholds.....	897,994.87
Lease and well equipment.....	563,448.11
Producing royalties and oil payments.....	154,020.14
Office and automotive equipment.....	15,794.76
Undeveloped leases and royalties.....	98,601.37

Total.....	1,729,859.25
Less reserves for depletion and depreciation.....	348,729.33

Property—net.....	1,381,129.92
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DEFERRED DEBIT ITEMS:

Deposits, etc.....	15,730.34
Unamortized bond discount.....	2,620.00
Organization expenses.....	3,535.45
Total deferred debit items.....	21,885.79

CONTRA ACCOUNT—Cash in special bank account available for joint owners' portion of exploratory drilling costs	21,106.93
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Total.....	<u>\$1,794,378.74</u>
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LIABILITIES

CURRENT LIABILITIES:

6% sinking fund debentures.....	\$ 65,700.00
Notes payable—Current maturities (Note 2):	
Texas Bank & Trust Company and the Small Business Administration—Mortgage note.....	53,500.00
Banks.....	135,857.66
Officer, directors, and stockholders.....	6,571.83
Other.....	1,667.91
Purchase money obligations due an officer, directors, and stockholders—Current maturities (non-interest-bearing).....	2,000.00
Amounts payable out of production—Estimated current portion.....	10,000.00
Accounts payable.....	173,873.28
Accrued interest, taxes, etc.....	6,787.02
Total current liabilities.....	\$ 455,957.70

LONG-TERM DEBT—Less current maturities (Note 2):

Texas Bank & Trust Company and the Small Business Administration—Mortgage note.....	122,000.00
Notes payable to banks.....	159,270.51
Notes payable to an officer, directors, and stockholders.....	72,284.51
Purchase money obligations due an officer, directors, and stockholders—Non-interest-bearing.....	2,000.00
Other.....	14,120.71
Total long-term debt—less current maturities.....	369,675.73

OTHER LIABILITIES:

Amounts payable out of production—Less estimated current portion.....	16,500.46
Estimated liability for unconverted capital stock of a company acquired by merger (Note 3).....	3,868.90
Total other liabilities.....	20,369.36

CAPITAL STOCK AND SURPLUS:

Capital stock (Notes 3 and 4):	
Preferred—5% non-cumulative; authorized, 100,000 shares of \$10.00 par value; issued and outstanding, 1,862 shares.....	18,620.00
Common—Authorized, 1,000,000 shares of \$.10 par value; issued, 456,594 shares.....	45,659.40
Surplus (Note 2):	
Capital (principally paid-in).....	851,850.23
Earned.....	13,939.39
Total.....	930,069.02
Less 770 shares of common stock held in treasury—at cost.....	2,800.00
Capital stock and surplus—net.....	927,269.02

CONTRA ACCOUNT—Advances from joint owners.....	21,106.93
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Total.....	<u>\$1,794,378.74</u>
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The accompanying notes to pro forma consolidated balance sheet are an integral part of this statement.

Approved on Behalf of the Board.

“H. L. LYNCH”, Director.

“ROY C. COFFEE”, Director.

NOTES TO PRO FORMA CONSOLIDATED BALANCE SHEET, NOVEMBER 30, 1958

1. The pro forma consolidated balance sheet gives effect, as of November 30, 1958, to the acquisition of the net assets of Souris Valley Oil Co. Ltd. in consideration for the issuance of 161,518 shares of Landa Oil Company common capital stock.

Landa Oil Company intends to record such net assets on its books in the net amount of \$403,795.00, which amount represents the approximate market value during the period of negotiations of the 161,518 shares of Landa Oil Company stock issued in exchange for the net assets.

The \$403,795.00 referred to in the preceding paragraph has been allocated to the assets and liabilities of Souris Valley Oil Co. Ltd. included in the pro forma balance sheet on the following bases; (1) current assets and liabilities and deferred debit items on the basis of their approximate U.S. dollar equivalent; (2) undeveloped leases on the basis of their estimated value and, (3) the remainder of the consideration has been allocated to producing properties.

The accounting treatment has been reviewed by Haskins & Sells, Certified Public Accountants, and has been approved by them as being in accordance with generally accepted accounting principles.

2. The note payable to Texas Bank & Trust Company and the Small Business Administration dated October 1, 1957 bears interest at the rate of 6% per annum. Monthly payments of principal and interest are required in amounts equal to 80% of the Company's interest in oil and gas sales from the mortgaged properties with the further provision that monthly payments on principal shall not aggregate less than \$53,500.00, \$47,500.00, \$41,500.00, and \$33,000.00 during the years ended November 30, 1959, 1960, 1961, and 1962, respectively. The related loan agreement provides that the Company will not, without the written consent of the lenders, pay any dividends or make any other distributions on its capital stock.

Notes payable to banks consist of seven notes bearing interest at rates of 5% to 6% per annum. One note with an unpaid principal balance of \$50,500.00 at November 30, 1958 matures in monthly instalments of \$1,000.00 plus accrued interest. The remaining notes payable to banks provide for monthly payments of principal and interest out of a portion of production from specified properties; one note is payable on demand and the others provide for minimum principal payments. The portion of the aggregate amount of notes payable to banks (including the note payable on demand) shown as a current liability in the accompanying consolidated balance sheet is based on specified minimum principal payments.

Notes payable to an officer, directors, and stockholders are unsecured 5% notes and the unpaid principal amount at November 30, 1958 matures in equal annual instalments on February 1 of each year through 1970.

A substantial portion of the oil and gas properties, production therefrom, and the capital stock of the wholly-owned subsidiary company is either mortgaged or pledged as collateral to the notes payable to various banks, the Small Business Administration, and others.

3. Stockholders of a company acquired by merger in 1955 are entitled to receive 2,806 shares of common and 2,552 shares of preferred stock of the Company in exchange for their shares of the acquired company not converted at November 30, 1958. The management is of the opinion that the amount of \$3,868.90 included in other liabilities in the accompanying consolidated balance sheet is adequate to provide for such shares as may be presented for exchange.
4. Under the terms of its charter, as amended, the Company is authorized to issue, in addition to the shares authorized as shown in the accompanying consolidated balance sheet, 60,000 shares of 5% Convertible, Non-Cumulative Preferred Stock of \$10.00 par value.

PETROLEUM ENGINEERS' REPORT

REPORT ON CERTAIN GAS AND CONDENSATE RESERVES

of

LANDA OIL COMPANY

as of

APRIL 1, 1957

INTRODUCTION

Landa Oil Company, hereinafter referred to as the "Company", owns a 0.04520172 working interest in one producing unit located in the Carthage field, Panola County, Texas. There is one dually completed well on this unit producing gas and liquid products.

This report is an appraisal of the proved, recoverable gas and liquid products under this unit. These reserves are classified as developed because no additional drilling is required to recover the reserves at economic rates.

An estimate of the future net revenue, fair trade value, and a 10-year projection of income is also included in this report. In making these estimates, continuance of the present price of liquid products and the price scale established by existing gas contract has been assumed. Deduction for operating expenses and for gross production and ad valorem taxes were made in estimating future net revenue, but no deductions were made for indirect expenses nor for income taxes. The fair trade value is our opinion of the price at which the property should change hands, assuming a willing buyer and a willing seller, both having knowledge of the facts and neither acting under compulsion.

Part One of this report summarizes the result of our investigation; Part Two gives the basis of the reserve estimates and some of the pertinent geological and engineering data on the property.

SUMMARY

DEVELOPED GAS RESERVE

The estimated gross ultimate recovery from this unit is 20,600,000 M cu. ft. of gas. Cumulative production to April 1, 1957, was 11,497,046 M cu. ft., leaving a gross gas reserve of 9,102,954 M cu. ft., of which 411,469 M cu. ft. are net to the Company's interest. The estimated future gross revenue from this net reserve will be \$55,017. Deducting \$8,891 for direct operating expenses and gross production and ad valorem taxes, leaves an estimated future net revenue of \$46,126.

DEVELOPED LIQUID PRODUCTS RESERVE

The estimated gross reserve under this unit is 121,000 barrels, of which 5,469 barrels are net to the Company's interest. The estimated future gross revenue from this net reserve will be \$16,407. Deducting \$755 for gross production and ad valorem taxes leaves an estimated future net revenue of \$15,652.

FAIR TRADE VALUE

The estimated fair trade value of the gas and liquid products from this property is \$31,000.

Submitted,
"MEYER and ACHTSCHIN"

Signed: June 20, 1957.

PROJECTION OF FUTURE NET REVENUE
FROM CERTAIN GAS AND LIQUID PRODUCTS RESERVES
OWNED BY
LANDA OIL COMPANY
CARTHAGE FIELD, PANOLA COUNTY, TEXAS
AFTER APRIL 1, 1957

	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year	11th Year	Totals
GROSS PRODUCTION												
Gas—M. cu. ft.....	1,116,000	1,116,000	1,116,000	1,116,000	1,116,000	930,000	775,000	646,000	538,000	448,000	185,954	9,102,954
Liquid Products—Barrels.....	14,843	14,843	14,843	14,843	14,843	12,369	10,307	8,592	7,155	5,958	2,404	121,000
NET PRODUCTION												
Gas—M cu. ft.....	50,445	50,445	50,445	50,445	50,445	42,038	35,031	29,200	24,319	20,250	8,406	411,469
Liquid Products—Barrels.....	671	671	671	671	671	559	466	388	323	269	109	5,469
GROSS REVENUE (Landa's Interest)												
Gas.....	\$ 6,356	6,457	6,558	6,659	6,760	5,717	4,834	4,088	3,453	2,916	1,219	55,017
Liquid Products.....	\$ 2,013	2,013	2,013	2,013	2,013	1,677	1,398	1,165	970	808	324	16,407
Total — Gross Revenue.....	\$ 8,369	8,470	8,571	8,672	8,773	7,394	6,232	5,253	4,423	3,724	1,543	71,424
OPERATING COSTS	\$ 480	480	480	480	480	480	480	480	480	480	240	5,040
PRODUCTION TAXES	\$ 538	545	552	559	566	477	402	340	287	241	99	4,606
NET REVENUE	\$ 7,351	7,445	7,539	7,633	7,727	6,437	5,350	4,433	3,656	3,003	1,204	61,778

GEOLOGY AND BASIS OF RESERVE ESTIMATE
CARTHAGE GAS FIELD PANOLA COUNTY, TEXAS

HISTORY AND GEOLOGY

The Carthage gas field is located in central Panola County, Texas. The town of Carthage is near the center of the field.

Discovery of the field was made on October 9, 1936, when the A. C. Glassell No. 1 Frost Lumber Company well was completed in the interval 5,648 to 5,663 feet with an initial production of 2,500 M cu. ft. of gas and 50 barrels of 52.2-degree gravity condensate per day through a $\frac{1}{4}$ inch choke.

Completion of the Glassell well was made from a gas reservoir in the Upper Pettet zone, the top of which was encountered at a drilled depth of 5,638 feet. An irregular gas-water contact has subsequently been established in the zone between the subsea depths 5,600 to 6,000 feet. The Upper Pettet is a zone of interbedded, lenticular oolitic limestones, dense limestones, and shales, in the Sligo formation of Lower Cretaceous age.

On December 22, 1936, the Magnolia No. 1 Hull discovered gas-condensate production in the Lower Pettet zone, which underlies, and is similar to, the Upper Pettet. Additional drilling has led to oil and gas discoveries in the Hill sand and Gloyd oolitic limestone zones of the Rodessa formation (Lower Cretaceous) and in porous sandstones in the Travis Peak formation (Lower Cretaceous).

The Carthage structure is a broad southwesterly plunging nose extending off the west flank of the Sabine uplift. Permeability barriers provide closure updip to the north and east in the reservoir zones.

There are 713 gas wells and 94 oil wells in the field producing from an area of 300,000 acres. Cumulative production for the field as of January 1, 1957, was 2,953,578,712 M cu. ft. of gas, 29,922,750 barrels of condensate, and 4,170,926 barrels of oil.

RESERVE ESTIMATE

The Company owns a 0.04520172 working interest in the Humble-Jones unit consisting of 648.79 acres. There is one gas well on this unit dually completed in the Upper Pettet and the Lower Pettet.

The gas is processed through the Champlin Oil and Refining Company (formerly The Chicago Corporation) plant which returns 65 percent of the liquid products to the lease. The residue gas is sold to the Tennessee Gas Transmission Company. The contract calls for an increase of \$0.002 per M cu. ft. on November 1 of each year during the life of the property. The gas is currently priced at \$0.125 per M cu. ft.

After a pressure decline of approximately 40 percent, edge water encroachment appears to be negligible in these reservoirs except for minor local fingering of water in the Upper Pettet. It is, therefore, concluded that the production from both zones is by gas expansion drive.

The gas reserves in both completions were estimated by projecting the curve established by plotting the bottom-hole pressures versus cumulative production to an abandonment pressure of 400 pounds per square inch.

In the Upper Pettet completion, this calculation gave an estimated gross ultimate recovery of 11,000,000 M cu. ft. of gas. The cumulative production to April 1, 1957, was 6,296,613 M cu. ft. leaving a gross reserve of 4,703,387 M cu. ft.

In the Lower Pettet completion, this calculation gave an estimated gross ultimate recovery of 9,600,000 M cu. ft. of gas. The cumulative production to April 1, 1957, was 5,200,433 M cu. ft. leaving a gross reserve of 4,399,567 M cu. ft.

The gross gas reserve in both zones is 9,102,954 M cu. ft.

During 1956 the recoveries averaged 20.5 barrels of liquids per 1,000 M cu. ft. of gas, of which 65 percent or 13.3 barrels were credited to the lease. It is our opinion that the liquid content of the gas will remain essentially constant for the remaining life of the property. This factor was applied to the remaining gas reserve to obtain a gross reserve of 121,000 barrels of liquid products applicable to the lease.

CERTIFICATE OF QUALIFICATION

This is to certify that I was the senior partner in the firm of Meyer and Achtschin during the entire existence of this firm which was from February 1, 1947 to November 1, 1957. During this time I had the principal responsibility for the reports on oil and gas reserves which were prepared for that firm.

This is to certify further that I have been a licensed engineer in the State of Texas since 1942, under Section 12-A, Serial No. 5284. I hold a Bachelor of Arts Degree from the University of Nebraska, Master of Arts and Doctor of Philosophy Degrees from the University of Cincinnati. I am listed in the current, and earlier editions, of Who's Who in Engineering and in the current edition of American Men of Science. I am a member of the American Institute of Mining and Metallurgical Engineers, American Association of Petroleum Geologists, American Geophysical Union, American Association for the Advancement of Science, New York Academy of Science, and a Fellow of the Geological Society of America. I am the author of several articles on problems related to the occurrence of petroleum in the Gulf Coast of the United States and on the estimation of oil and gas reserves.

I certify that Meyer and Achtschin prepared two reports for Landa Oil Company entitled "Report on Certain Oil Reserves of Landa Oil Company as of November 1, 1956" and "Report on Certain Gas and Condensate Reserves as of April 1, 1957" and that I have no interest, and have never had interests, in the Landa Oil Company or in any of the properties appraised in these reports; and to the best of my knowledge none of my partners or employees, at the time these reports were prepared, had any interest in the Landa Oil Company or in the properties appraised in the reports listed above.

Dated: April 30, 1959.

Signed: "WILLIS G. MEYER".

REPORT
on
CERTAIN OIL RESERVES
of
LANDA OIL COMPANY
as of
NOVEMBER 1, 1956

INTRODUCTION

Landa Oil Company, hereinafter referred to as the "Company", owns four producing leases and 20 producing royalties located in Texas. There are 820 producing oil wells on these leases, and there are 166 producing oil wells on the royalties.

This report is an appraisal of the proved, recoverable oil reserves under these properties. These reserves have been classified as developed since no additional drilling is required by an established spacing pattern and are recoverable at economic rates by existing wells.

Estimates of future net revenues and a 15-year projection of net income are also included in this report. The projection is given in summarized form, although a projection of each lease and royalty was made and is available to authorized persons. In making these estimates, continuance of the present price of oil has been assumed. Deductions for direct operating expenses, and for gross production and ad valorem taxes were made in estimating future net revenues, but no deductions were made for indirect expenses or for income taxes.

The principal office of the Company, the principal office of the Cosden Petroleum Corporation, and the district office of the Railroad Commission of Texas were visited by our representative for the purpose of obtaining information on the properties. A field examination of all producing leases was made by one of our engineers, at which time individual tests of some of the wells on the leases were made.

Part One of this report summarizes the results of our investigation; Part Two gives the basis of the reserve estimates and some of the pertinent geological and engineering data on the properties, including the results of the field examination.

SUMMARY

DEVELOPED OIL RESERVE LEASES

The estimated gross ultimate recovery from the Company's leases is 905,416,500 barrels of oil. Cumulative production to November 1, 1956, was 169,853,768 barrels, leaving a gross oil reserve of 735,562,732 barrels, of which 141,641 barrels are net to the Company's interests. The estimated future gross revenue from this net oil reserve will be \$436,159. Deducting \$67,059 for direct operating expenses, and gross production and ad valorem taxes, leaves an estimated future net revenue of \$369,100.

ROYALTIES

The estimated gross oil reserve under the Company's royalties is 7,311,500 barrels, of which 57,916 barrels are net to the Company's interests. The estimated future gross revenue from this net oil reserve will be \$164,009. Deducting \$7,541 for gross production taxes leaves an estimated future net revenue of \$156,468.

Estimates of reserves, future revenues, and the projection of income are shown on tabulation sheets following this summary.

Submitted,
"MEYER and ACHTSCHIN"

SIGNED: January 28, 1957.

DATA ON CERTAIN WORKING INTEREST OIL RESERVES

owned by
LANDA OIL COMPANY
as of

NOVEMBER 1, 1956

STATE County FIELD Lease	Number of Wells	Estimated Gross Ultimate Recovery (Barrels)	Cumulative Production to 11-1-56 (Barrels)	Gross Reserve (Barrels)	Net Interest	Net Reserve (Barrels)	Price Per Barrel*	Future Gross Revenue	Estimated Lifting Costs	Gross Production Taxes	Future Net Revenue
TEXAS: Howard and Glasscock HOWARD-GLASSOCK Gilleen.....	4	136,500	65,236	71,264	0.2031250000	14,476	\$2.75	\$ 39,809	\$ 6,667	\$ 1,831	\$ 31,311
Scurry SACROC SACROC Unit.....	812	905,000,000	169,762,139	735,237,861	0.000009604	71,289	3.13	223,135	16,530	10,264	196,341
Ward WEST QUITO Echols.....	2	120,000	5,882	114,118	0.2034320000	23,215	3.10	71,966	10,400	3,310	58,256
Watt.....	2	160,000	20,511	139,489	0.2341450000	32,661	3.10	101,249	13,400	4,657	83,192
Totals.....	820	905,416,500	169,853,768	735,562,732		141,641		\$436,159	\$46,997	\$20,062	\$369,100

*Effective January 1957.

DATA ON CERTAIN ROYALTY OIL RESERVES
owned by
LANDA OIL COMPANY
as of
NOVEMBER 1, 1956

STATE—County—Field Operator Lease	Number of Wells	Estimated Gross Reserve (Barrels)	Net Interest	Net Reserve (Barrels)	Price Per Barrel*	Future Gross Revenue	Gross Production Taxes	Future Net Revenue
TEXAS								
Howard and Glasscock								
HOWARD-GLASSCOCK								
Felmont Oil Corporation								
Settles "A".....	6	412,000	0.0073242	3,018	\$2.86	\$ 8,631	\$ 397	\$ 8,234
Settles "B".....	3	84,000	0.0146484	1,230	2.80	3,444	158	3,286
Settles "C".....	1	42,000	0.0073242	308	2.78	856	39	817
Settles "D".....	8	261,000	0.0073242	1,912	2.81	5,373	247	5,126
Continental Oil Company								
Settles "A" 2-19*.....	2	64,000	0.0073242	469	2.75	1,290	59	1,231
Settles "A" 4*.....	1	18,500	0.0073242	135	2.69	363	17	346
Settles "A" 5-18*.....	2	60,000	0.0073242	439	2.74	1,203	55	1,148
Settles "A" 7, 8, 15, 17*.....	4	175,000	0.0146484	2,563	2.74	7,023	323	6,700
Settles 159.....	30	1,722,500	0.0073242	12,616	2.88	36,334	1,671	34,663
Sun Oil Company								
Settles.....	8	337,000	0.0146484	4,937	2.75	13,577	625	12,952
Continental Oil Company								
Settles "AS" 1, 3, 7.....	3	105,000	0.0073242	769	2.86	2,199	101	2,098
Settles 133.....	54	1,975,000	0.0073242	14,465	2.85	41,225	1,896	39,329
Settles "A" 6, 11, 13, 14.....	4	168,000	0.0073242	1,230	2.85	3,506	161	3,345
Settles "B" 160.....	10	422,000	0.0073242	3,091	2.80	8,655	398	8,257
Settles "AS" 5, 6, 8, 10, 11.....	5	180,000	0.0073242	1,318	2.86	3,769	173	3,596
Settles "AS" 13S through 17S.....	5	386,000	0.0073242	2,827	2.87	8,113	373	7,740
Settles "A" 22.....	14	210,000	0.0073242	1,538	2.80	4,306	198	4,108
Settles "A" 23.....	1	36,000	0.0073242	264	2.80	739	34	705
Settles "A" 34.....	4	650,000	0.0073242	4,761	2.80	13,331	613	12,718
R. U. Fitting, Jr.								
Settles.....	1	3,500	0.0073242	26	2.78	72	3	69
Totals.....	166	7,311,500		57,916		\$164,009	\$7,541	\$156,468

*Effective January 1957.

PROJECTION OF FUTURE NET REVENUE FROM CERTAIN OIL RESERVES

owned by
LANDA OIL COMPANY
in the STATE of TEXAS
after NOVEMBER 1, 1956

	1956 (2 months)	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	Total
WORKING INTEREST																	
GROSS PRODUCTION																	
Oil—Barrels.....	4,442,980	26,671,440	26,668,800	26,658,240	26,643,560	26,632,620	26,624,910	26,619,450	26,615,110	26,611,568	26,607,884	26,606,309	26,604,000	26,604,000	26,604,000	26,604,000	403,818,871
Net Production																	
Oil—Barrels.....	2,391	17,106	16,570	14,312	11,142	8,787	7,115	5,932	4,995	4,234	3,456	3,122	2,580	2,580	2,580	2,580	109,482
GROSS REVENUE*	\$6,172	\$49,700	\$48,296	\$41,760	\$32,494	\$25,622	\$20,755	\$17,321	\$14,630	\$12,395	\$10,234	\$ 9,318	\$ 7,714	\$ 7,714	\$ 7,714	\$ 7,714	\$319,553
Oil Sales.....																	
OPERATING COSTS																	
Oil.....	\$ 739	\$ 4,435	\$ 4,435	\$ 4,435	\$ 4,435	\$ 2,835	\$ 2,835	\$ 2,835	\$ 2,835	\$ 2,235	\$ 1,635	\$ 1,635	\$ 435	\$ 435	\$ 435	\$ 435	\$ 37,064
NET REVENUE	\$5,433	\$45,265	\$43,861	\$37,325	\$28,059	\$22,787	\$17,920	\$14,486	\$11,795	\$10,160	\$ 8,599	\$ 7,683	\$ 7,279	\$ 7,279	\$ 7,279	\$ 7,279	\$282,489
Oil.....																	
ROYALTY INTEREST																	
GROSS PRODUCTION																	
Oil—Barrels.....	231,016	1,220,692	1,012,888	850,004	706,264	587,014	491,964	415,168	354,348	304,558	264,328	224,722	182,408	148,874	129,762	101,756	7,225,766
Net Production																	
Oil—Barrels.....	1,784	9,450	7,876	6,649	5,561	4,657	3,932	3,341	2,872	2,485	2,171	1,860	1,497	1,219	1,053	761	57,168
NET REVENUE*	\$4,415	\$25,627	\$21,338	\$17,992	\$15,028	\$12,573	\$10,606	\$9,007	\$ 7,736	\$ 6,689	\$ 5,840	\$ 5,000	\$ 4,027	\$ 3,277	\$2,833	\$ 2,054	\$154,042
Oil Sales.....																	
TOTAL NET REVENUE																	
Working Interest and																	
Royalty Interest..	\$9,848	\$70,892	\$65,199	\$55,317	\$43,087	\$35,360	\$28,526	\$23,493	\$19,531	\$16,849	\$14,439	\$12,683	\$11,306	\$10,556	\$10,112	\$ 9,333	\$436,531

*After production taxes.

GEOLOGY AND BASIS OF RESERVE ESTIMATES

HOWARD-GLASSCOCK FIELD, HOWARD AND GLASSCOCK COUNTIES, TEXAS

History and Geology

The Howard-Glasscock field is located in southern Howard and northern Glasscock Counties, Texas, about 10 miles southeast of the town of Big Spring. The field was discovered on November 15, 1925, when Fred Hyer (now Continental) completed the No. 1 H. R. Clay in the Seven Rivers formation of the Guadalupe series of Permian age. The initial production was 25 barrels of oil per day from the interval 1,552 to 1,557 feet. In the development program which followed, other pay zones were discovered as follows:

Operator	Lease	Zone	Date
Marland (Continental).....	W. R. Settles	Yates	3-18-27
Magnolia.....	Dora Roberts	Glorietta	10-22-27
Sun.....	Settles	San Andres	4-29-28
Henshaw (Felmont).....	Settles "A"	Grayburg	8- 4-28
Continental.....	Settles "D"	Strawn	1945

All of these zones are of Permian age except the Strawn which is of Pennsylvanian age. The latter zone has been abandoned and the production now comes from the Permian zones with the depths ranging from 1,200 to 3,100 feet. The various horizons have been divided by the Railroad Commission into Class 1 (wells shallower than 2,000 feet) and Class 2 (wells deeper than 2,000 feet). The structure for the accumulation of oil is a long narrow "S" shaped anticline with a maximum effective closure on the order of 300 feet. The field now covers an area of approximately 20,000 acres. As of January 1, 1956, there were 1,170 producing oil wells and the cumulative recovery to that date was 176,473,085 barrels. The Company owns a working interest in one lease, the Gillean, and a royalty interest under several tracts of the Settles land in this field.

Reserve Estimate

Most of the producing zones in this field are under the influence of an active water drive, although there are no reliable water percentages available to construct a percent oil in total fluid versus cumulative production curve. In addition, there are few data from which a volumetric estimate can be made. Some of the leases are declining, while the production from others is being maintained or increased by workovers, new wells, or secondary recovery. The reserve estimates shown in this report are based either on the extrapolation of the monthly production decline curve to the economic limit or by an arbitrary estimate of approximately seven years at the current rate. An exception was made in the case of the Continental Oil Company, Settles 159 tract where a successful water flood operation is in effect. This lease had produced approximately 3,500,000 barrels at the time the flood took effect; therefore, a recovery equal to this amount was added to this tract during waterflood operations. This gives a gross ultimate recovery of 7,000,000 barrels for both primary and secondary recoveries.

Field Examination

A field examination of the Gillean lease was made December 19 and 20, 1956. The lease has four producing oil wells, all of which are pumping at capacity rates. Individual well tests were not considered necessary and a lease production check was, therefore, made. Oil production was gauged in the tanks and water production was checked with a calibrated container at the gunbarrel salt water outlet. Based on wellhead sampling and the type of pumping unit used, the No. 1 Gillean well is believed to be producing practically all of the water for the lease. Results of the lease test are given in the following tabulation:

Lease	Well No.	Method of Prod.	Length Stroke (")	Strokes Per Minute	Pump Plunger Size (")	Test Period (Hrs.)	Oil Prod. (B/D)	Water Prod. (B/D)
Gillean	1	Pumping	64	14	2¼	29	10*	506*
Gillean	2	Pumping	24	16	1½	29	20*	20*
Gillean	3	Pumping	26	14	1½	29	5*	10*
Gillean	4	Pumping	26	14	1½	29	16*	20*

*Estimated.

The equipment was in good condition and is considered adequate for production of remaining reserves.

KELLY-SNYDER FIELD, SCURRY COUNTY, TEXAS

History and Geology

The Kelly-Snyder field is located in north central and west central Scurry County, Texas. The field is a part of the Scurry reef oil reservoir, which is the largest of a horseshoe-shaped chain of reef fields extending across the Midland basin of West Texas. During development of the Scurry reef, various field names, such as Schattel, Kelly, North Snyder, Diamond M, and Sharon Ridge Canyon, were applied to what later proved to be a common reservoir. The Railroad Commission of Texas now designates the central and northeastern part of the reservoir as Kelly-Snyder field and the southwestern part as Diamond M field.

Discovery of the Kelly-Snyder field was made on November 21, 1948, by the Standard Oil Company of Texas No. 1 Mrs. Jessie Brown "2" well located in Section 440, Block 97, H. & T. C. RR. Company Survey. The well was completed flowing from open hole in the interval 6,333 to 6,419 feet with an initial production of 532 barrels of 42.5 degree gravity oil per day through a ¼-inch choke. The initial gas-oil ratio was 1,225 cubic feet per barrel, the tubing pressure 1,030 pounds per square inch, and the casing pressure 700 pounds per square inch.

The producing zone is a porous limestone reef in the Canyon group of Pennsylvanian age. The discovery well encountered the top of the reef at a drilled depth of 6,260 feet. Development of the field has established that the subsea depth of the oil-water interface varies from 4,450 feet in the southern portion to 4,520 feet at the northern end.

Relatively minor oil accumulations have subsequently been discovered in the field in the Clear Fork zone of Permian age and in the Cisco sand and Caddo limestone of Pennsylvanian age.

The Scurry reef is an irregular northeast-southwest trending buried ridge, approximately 25 miles long and four to seven miles wide, with maximum closure of about 750 feet. Kelly-Snyder field includes approximately 75 percent of the reef reservoir area.

As of November 1, 1956, there were 866 wells in the Kelly-Snyder field producing from an area of 56,677 acres. Cumulative production from the field to that date was 174,499,018 barrels of oil. On this same date there were 812 wells in the SACROC unit and the cumulative production was 169,762,139 barrels.

SACROC Unit

On March 1, 1953, the SACROC (Scurry Area Canyon Reef Operators Committee) unit of Kelly-Snyder field was formed. This unit includes almost all of that portion of the Scurry reef reservoir under the Kelly-Snyder field. Secondary recovery by water injection has been initiated in the unit.

Reserve Estimate SACROC Unit

Reserves of the SACROC unit were estimated by the volumetric method. All available electric logs, Micrologs, radioactivity logs and core descriptions were examined and the subsea depth of the reef top and oil-water interface determined or estimated for each well. Contour maps of the reef top and oil-water interface were made and an isopachous map of gross reef pay was constructed by subtracting the reef top map from the oil-water interface map. The isopachous map was planimeted and the volume of the gross reef pay in the SACROC unit was determined to be 11,872,490 acre-feet.

From available core analysis data the weighted average porosity and interstitial water of the gross reef pay in the SACROC portion of the reservoir were calculated. These figures were compared with determinations from other sources and an average porosity of seven percent and interstitial water of 28 percent were estimated for the gross reef pay in the SACROC unit. An original formation volume factor of 1.49 was determined on the basis of reservoir data published in the Bureau of Mines Report No. 5106, dated February 1955. Using these factors the unit stock tank oil originally in place was estimated to be 262 barrels per gross acre-foot of reef pay.

Applying the unit recovery to the gross pay volume gives an estimated 3,110,000,000 barrels of stock tank oil originally in place in the field.

On the basis of recoveries to date and the initial response to the water injection program, it is estimated that 30 percent, or 933,000,000 barrels, of the oil in place will be recovered. Of this amount, it is estimated that 97 percent, or 905,000,000 barrels, will be recovered by the wells in the SACROC unit.

In the event the waterflood is completely successful, an additional 15 percent, or 466,500,000 barrels, of the oil in place will be recovered, of which the SACROC unit wells will recover 452,505,000 barrels. This is classified as a possible additional reserve.

WEST QUITO FIELD WARD COUNTY, TEXAS

History and Geology

The West Quito field is located in west central Ward County, Texas, about eight miles west of the town of Pyote.

The field was discovered on May 29, 1955, when Chambers and Kennedy completed their No. 1 Creedon for 142.35 barrels of 39-degree gravity oil per day plus 35 percent water through a 1/4-inch choke. This well, drilled to a total depth of 4,935 feet, was plugged back to 4,820 feet and perforated from 4,729 to 4,741 feet. The gas-oil ratio was 506 to 1. The producing zone is identified as the Delaware sand of Permian age.

There has been insufficient development to determine the type of structure. As of November 1, 1956, there were six wells in the field and the cumulative production to that date was 40,977 barrels.

The Company owns working interests in two leases, the Echols and the Watts, in this field.

Reserve Estimate

There were few data available upon which a volumetric estimate could be based; nor has there been enough performance history to determine an estimate by this method. The reserve estimates for both leases were based largely on comparison with average wells in the nearby Quito (Delaware Sand) field and by the results of the field examination.

Field Examination

A field examination of the Echols and Watts leases was made December 17 and 18, 1956. Each lease has two producing oil wells and is operated by the Company. Individual well tests were taken of the No. 1 Echols well and the No. 2 Watts well. The No. 2 Echols well was temporarily shut-in at the time of the field examination, after having been killed with salt water for mechanical repairs to surface connections. The No. 1 Watts well was shut-in and had been off production for several days because of lack of tank room.

Results of the well tests are given in the following tabulation:

Lease	Well No.	Method of Prod.	Size Choke (64ths)	Flowing Tubing Pressure (psig)	Length Stroke (")	Strokes Per Minute	Pump Plunger Size (")	Test Period (Hrs.)	Oil Prod. (B/D)	Water Prod. (B/D)
Echols	1 ⁽¹⁾	Pumping			48	13	1 1/2	17	68	37
Echols	2 ⁽²⁾	Flowing	(presently shut-in after mechanical repairs to surface connections)							
Watts	1 ⁽³⁾	Pumping	(presently shut-in for lack of tank room)							43*
Watts	2 ⁽⁴⁾	Flowing	10	680				16	133	44

⁽¹⁾ GOR not excessive.

⁽²⁾ High GOR estimated.

⁽³⁾ Unable to test.

⁽⁴⁾ Estimated GOR = 10,000.

* Estimated.

The No. 2 Echols well had been flowing prior to the recent mechanical corrective work. Upon opening this well to the pit and observing the flow, it is believed that it will clean up and can be placed back on production with no difficulty. However, comparatively high producing gas-oil ratio performance for this well can be expected. The No. 1 Watts well is equipped for pumping and was not tested for the reasons stated above.

The equipment for both leases was in good condition and is considered adequate for remaining reserves.

CERTIFICATE OF QUALIFICATION

I, William Carr Bednar, petroleum engineer, of Dallas, Texas, hereby certify:

1. That on January 28, 1957, I was a partner in the firm of Meyer and Achtschin and, acting as such, I signed a "Report on Certain Oil Reserves of Landa Oil Company as of November 1, 1956." This report was an appraisal of certain working interests owned by Landa Oil Company in Howard, Glasscock, Scurry and Ward Counties, Texas; and certain royalty interests owned by Landa Oil Company in Howard and Glasscock Counties, Texas. This report was prepared under my direct supervision.

2. That Meyer and Achtschin, its partners or employees have no direct or indirect interest, nor do they expect to receive any direct or indirect interest, in any of the properties owned by Landa Oil Company.

3. That I graduated from the University of Oklahoma with a degree of bachelor of science in petroleum engineering on June 3, 1935, and have been employed as a petroleum engineer or practicing as a petroleum consultant since that date. I am registered as a professional engineer in the States of Oklahoma, Texas, and California.

4. That in preparing the above-mentioned report a field examination was made of all of the working interest properties. Since the royalty interests are not operated by Landa Oil Company, no field examination was made.

5. That the firm of Meyer and Achtschin was dissolved as of November 1, 1957.

"W. C. BEDNAR."

March 7, 1959

Directors

LANDA OIL COMPANY,

5738 North Central Expressway,

Dallas, Texas.

Gentlemen:

Pursuant to request, I have made an investigation of the crude oil reserves of Landa Oil Company and its wholly owned subsidiary, L & G Oil and Royalty Company.

The investigation included all properties owned by Landa Oil Company in Texas, New Mexico and Louisiana, including properties on which it holds royalty and overriding royalty interests.

To a great extent the reserve estimates were made on the basis of production decline curves and comparative analysis, in conjunction with electric logs, core analysis reports, and production history of the producing formations.

I am well acquainted with all the leases which the Company is presently operating or in which the Company has a working interest. In regard to these properties, it is my opinion that they are being operated in an efficient manner with competent field personnel and adequate supervision.

A fairly large percent of the Landa Oil Company interests are situated in the western part of Texas in the region known as the Central Plains Platform and Midland Basin areas. The producing zones are long life and prolific horizons such as the San Andres, Queens, Glorietta and Clearfork.

The L & G Oil & Royalty Company has approximately 10,000 non-producing lease acres and 8,500 non-producing royalty acres located in Louisiana, Texas, Colorado, Mississippi, Oklahoma, and Utah. These holdings have not been included in the reserve estimates. The holdings of this Company in California and Stevens and Shackelford Counties, Texas, have an estimated net recoverable reserve of 100,000 barrels as of November 30, 1958, based on proven developed production. No consideration was taken of the non-developed properties of L & G.

The Landa Oil Company, excluding the L & G Oil and Royalty Company, has an estimated net recoverable reserve of 1,400,000 barrels as of November 30, 1958, based on proven developed production. No consideration was taken of the Company's non-developed properties.

These estimates are based on accepted reservoir concepts, utilizing information obtained from the Company reports and files, and pertinent data respecting the properties under investigation, which was obtained from the Company's records.

ENGINEER'S CERTIFICATE

I, Robert Frank Pool, of 5738 North Central Expressway, Dallas, Texas, Petroleum Engineer, hereby certify

1. That I graduated in the year 1948 from the Texas Technological College, Lubbock, Texas, having been granted the Degree of Bachelor of Science in Petroleum Engineering.

2. That I am a Registered Professional Engineer in the State of Texas and New Mexico, a member of the American Association of Petroleum Geologists and the American Institute of Mining and Metallurgical Engineers.

3. That as an officer in the Landa Oil Company I have an interest in the subject properties dealt with in this report.

4. The foregoing report is based on my knowledge of the proven holdings of Landa Oil Company made possible by an examination of various well logs and other pertinent data on Landa Oil Company properties.

DATED at Dallas, Texas, this 7th day of March, 1959.

"R. FRANK POOL"

Professional Engineer

December 8, 1958.

LANDA OIL Co.,
Landa Building,
5738 North Central Expressway,
Dallas, Texas.
Gentlemen,

Pursuant to your request we have prepared an evaluation of Souris Valley Oil Co. Ltd.'s (hereinafter referred to as the Company), oil producing properties in the Province of Manitoba. A total of 20 Lodgepole zone oil wells were reviewed (see Table No. 1). The remaining oil reserves were estimated on the basis of the decline curves. In most cases water breakthrough has occurred. The increasing volumes of water production were considered in arriving at the indicated economic limit. No consideration was given to the possible beneficial effects which might be accomplished through workovers. The Company's net share of remaining oil reserves as of December 31, 1958 were estimated to be some 116,580 barrels.

A revenue projection was made on the basis of the forecast production from the decline curves. The indicated operating costs in each case were used. It is noteworthy that in a number of cases the largest costs would be attributed to salt water disposal. The future worth value of the Company's net revenues before overhead and income tax were estimated to be some \$139,860 as of December 31, 1958. The future net revenues were discounted at a rate of ten percent per year to obtain what is believed to be a reasonable estimate of the "fair market value" before overhead and income tax. On this basis a value of some \$113,740 would be indicated. It is evident that the income tax position of the Company would have to be considered before any such value could be established. No allowance was made in this evaluation for the salvage value of well and lease equipment. In view of the fact that such equipment might represent a substantial value it is recommended that a detailed appraisal be obtained. It should be pointed out however, that an allowance for abandonment costs should be considered.

In view of the urgency of this evaluation the detailed calculations and data sheets have not been included in this report. The various working papers and production decline curves can, however, be made available upon request.

Sincerely yours,

McDANIEL CONSULTANTS LTD •

"R. R. McDANIEL", P. Eng.

TABLE No. 1

SUMMARY OF INDIVIDUAL WELL OIL RESERVE ESTIMATES
SOURIS VALLEY OIL CO. LTD. MANITOBA AREA INTEREST WELLS
DECEMBER, 1958

Well Name	Well Location	Indicated Company Net Interest %	Est. Remaining Recoverable Oil Reserves as of December 31, 1958—Bbls.	
			Total	Company Net Share
Souris Valley Dec. Fr. McIvor Drynan No. 10-2.....	10- 2-11-26W1	30.9	—	—
Souris Valley Dec. Fr. McIvor Drynan No. 15-2.....	15- 2-11-26W1	30.9	39,960	12,380
Souris Valley Dec. Fr. McIvor Drynan No. 16-2.....	16- 2-11-26W1	30.9	—	—
Souris Valley Younge No. 9-23.....	9-23-10-28W1	82.5	4,800	3,990
Shell Wilton No. 13-15.....	13-15-10-26W1	1.25	1,080	10
Souris Valley Goulter No. 3-3.....	3- 3-10-28W1	87.5	2,400	2,100
Souris Valley Goulter No. 4-3.....	4- 3-10-28W1	87.5	2,400	2,100
Souris Valley Goulter No. 6-3.....	6- 3-10-28W1	87.5	3,900	3,410
Souris Valley Goulter No. 9-3.....	9- 3-10-28W1	87.5	5,640	4,930
Souris Valley Goulter No. 16-3.....	16- 3-10-28W1	87.5	9,360	8,200
Souris Valley Pascal Wardle No. 3-24.....	3-24-10-28W1	49.6	27,600	13,700
Souris Valley Pascal Wardle No. 4-24.....	4-24-10-28W1	49.6	11,700	5,800
Souris Valley Pascal Wardle No. 5-24.....	5-24-10-28W1	49.6	44,880	22,210
Souris Valley Pascal Wardle No. 6-24.....	6-24-10-28W1	49.6	15,120	7,500
Souris Valley Pascal Wardle No. 11-24.....	11-24-10-28W1	49.6	4,620	2,290
Souris Valley Pascal Wardle No. 12-24.....	12-24-10-28W1	49.6	52,560	26,100
McCarty & Coleman Rocket C No. 9-15.....	9-15-10-26W1	5.0	14,760	740
McCarty & Coleman Hauk No. 8-15.....	8-15-10-26W1	12.5	3,960	500
McCarty & Coleman Madge No. 14-15.....	14-15-10-26W1	12.5	1,320	170
McCarty & Coleman Renard No. 16-15.....	16-15-10-26W1	12.5	3,600	450
Total.....			249,720	116,580

FORECAST FUTURE PRODUCTION AND REVENUE
SOURIS VALLEY OIL CO. LTD. MANITOBA AREA INTEREST WELLS
DECEMBER, 1958

Year	Est. Gross Production Bbbs/Year	Est. Company Share of Production Bbbs/Year		Est. Gross Value of Net Production \$	Est. Company Share of Operating Costs—\$	Estimated Net Revenue — \$ Future Worth	Present Worth Discounted at 10%
		Gross	Net				
1959.....	80,880	44,120	38,710	92,820	34,740	58,080	52,790
1960.....	55,620	29,670	26,010	62,400	27,100	35,300	29,170
1961.....	37,800	20,270	17,730	42,530	21,100	21,430	16,100
1962.....	25,380	13,820	12,080	29,000	16,520	12,480	8,520
1963.....	19,620	10,630	9,290	22,310	15,220	7,090	4,400
1964.....	15,240	7,990	6,980	16,770	14,200	2,570	1,450
1965.....	8,280	4,150	3,630	8,740	7,560	1,180	600
1966.....	2,160	770	670	1,660	880	780	360
1967.....	1,860	670	580	1,440	880	560	240
1968.....	1,560	560	490	1,210	920	290	110
1969.....	1,320	470	410	1,020	920	100	40
Totals.....	249,720	133,120	116,580	279,900	140,040	139,860	113,740

Note: Well Crude Price indicated to vary between \$2.39 and \$2.48 per barrel.

CERTIFICATE OF QUALIFICATION

I, Roderick Rogers McDaniel, Petroleum Engineer, of 231-8th Avenue West, Calgary, Alberta, Canada, hereby certify:

1. That I am the President of McDaniel Consultants Ltd. which company did prepare a report upon certain properties of Landa Oil Company during the months of August and December 1958 and upon certain properties of Souris Valley Oil Co. Ltd. during the month of December, 1958. That I as such President supervised the preparation of said reports.

2. That McDaniel Consultants Ltd., its officers or employees have no direct or indirect interest, nor do they expect to receive any direct or indirect interest in the properties of Landa Oil Company or Souris Valley Oil Co. Ltd. or in any securities of those companies.

3. That I attended the University of Alberta in the years 1944 and 1945 and the University of Oklahoma in the years 1945 to 1947, and that I graduated with a Bachelor of Science degree in Petroleum Engineering from the University of Oklahoma; that I am a member of the Canadian Institution of Mining and Metallurgy, that I am a registered Professional Engineer in the Provinces of Alberta and Saskatchewan and that I have in excess of ten years' experience in oil and gas reservoir studies and evaluations of western Canadian fields.

4. That the aforementioned reports were not based on a personal field examination of the Companies' properties in question. Such an examination was deemed unnecessary in view of the volume and accuracy of the records supplied as well as my personal knowledge of the general reservoir conditions and characteristics of the fields studied.

Calgary, Alberta.
March 17, 1959.

"R. R. McDANIEL", P. Eng.
Alberta and Saskatchewan.